Mullins, Diona (CHFS Health Policy)

From: Kelly Shaw <KellyShaw@birthcenters.org>
Sent: Thursday, November 20, 2014 4:21 PM
To: Mullins, Diona (CHFS Health Policy)
Subject: Kentucky Certificate of Need Comments
Attachments: White Paper Access to Birth Center Care and CON-11.19.14.docx

Importance: High

Good afternoon,
The American Association is submitting the attached comments regarding the Certificate of Need for birth centers. We are also mailing originals.
Thank you,
Kelly Shaw

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Improving Access to Freestanding Birth Centers in Kentucky

Introduction

Freestanding birth center (FSBC) care leads to improved outcomes—lower cesarean and higher vaginal birth rates, fewer medical interventions for low risk women, cost savings and higher rates of satisfaction with care. The American Association of Birth Centers (AABC) is submitting these comments with the recommendation that FSBCs in Kentucky be exempted from the Certificate of Need (CON) requirement. Taking away the CON requirement will remove a significant barrier to FSBC access for women and families in Kentucky and will help to promote improved health for women and families.

Background

FSBCs have a demonstrated track record of providing high quality, low-cost care, exactly the type of care that states are seeking to support under a variety of programs. For example:

- A 2013 study looking at 15,574 planned birth center births found a cesarean rate of 6%, as compared to an expected 25% for similarly low-risk women in a hospital setting. This same study estimated that cost savings (based on Medicare payment rates) would amount to more than $30 million.[1]
- A study by the Washington State's Department of Social and Health Services examining the cost to Medicaid of birth in various settings found that the cost of birth center birth among low-risk women was 38% less than hospital birth for women of similar risk. These savings are partially due to the fact that the state's facility fee to the birth centers was approximately $600, an amount that is not sufficient to cover costs. When increased to a more reasonable amount, $2,000, the total costs of birth center birth were still 13% lower than hospital birth, a very significant savings.[2]
- A study by the Urban Institute, published in the *Medicare & Medicaid Research Review,* found that a birth center in Washington, DC saved the Medicaid program an average of $1,163 per birth in 2008 dollars.[3]

Since FSBCs collectively attend a very small proportion of births (totaling 15,577 in 2012) the opportunity to access savings generated by these high value providers is substantial.[4] As states take steps to increase the proportion of birth center births, they will realize substantial reductions in their expenditures on maternity care. The studies mentioned above also demonstrate that high-quality outcomes can be expected. It is therefore strongly in the interest of states to create regulations conducive to the creation of more FSBCs and increased access to FSBC care.

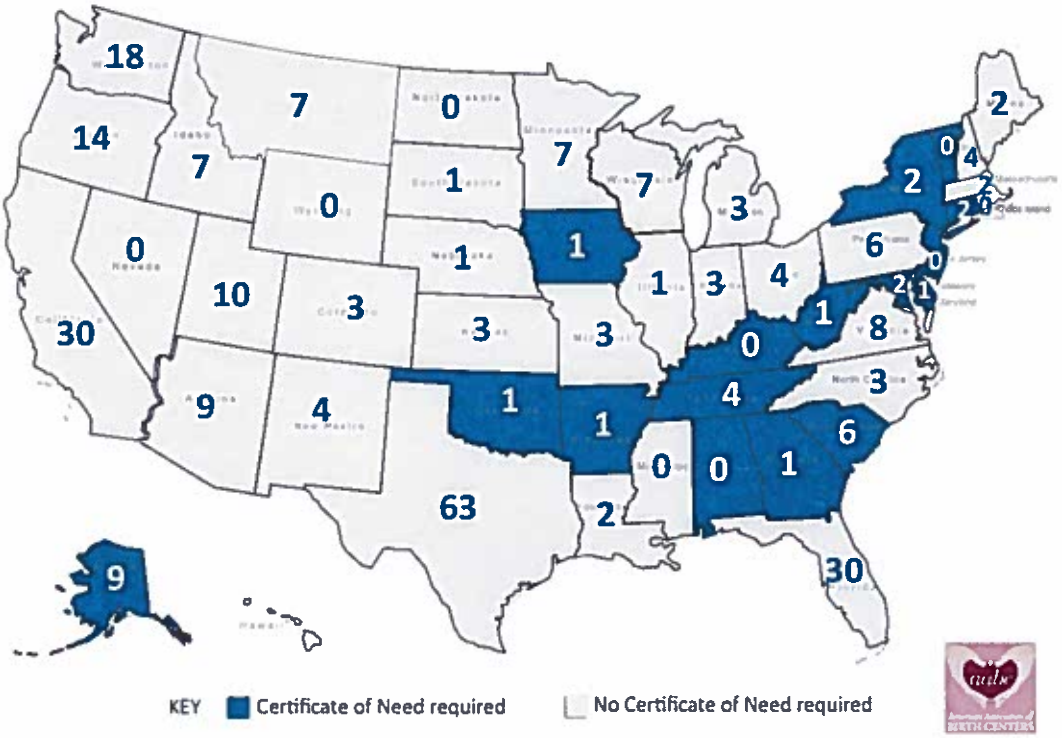
Ensuring Quality of Care

FSBCs in the United States ensure that services provided are of high quality by meeting standards of accreditation by the Commission for the Accreditation of Birth Centers (CABC) and through ongoing risk assessment and data collection for quality improvement. Birth centers collect data on the program and outcomes of care through the AABC Perinatal Data Registry. The study of birth center outcomes cited above is a testimony to the quality of care provided in FSBCs.[1]

Improving Access to Care—Reducing Barriers

Access to FSBC care can be improved by reducing barriers for women seeking maternity care services in FSBCs. State regulations requiring CON can be barriers to FSBC care when other providers in direct competition with FSBCs resist CON applications. In reality, FSBCs have only 2 or 3 beds, which differ from hospital beds in that care is limited to low risk childbirth and no surgery is possible there. AABC believes that due to their small size and outpatient services, FSBCs should be exempt from the CON process. Removal of the CON process for FSBCs is one way to improve access to this option of high-quality care. Other barriers such as regulatory requirements for Medical Director, medical supervision or written agreements with hospitals can also inhibit access to FSBCs.

When states have no CON requirement, access to FSBC care increases. As illustrated in the chart below, when FSBCs are exempt from a state's CON requirement, more FSBCs are established, thus increasing access to birth center care. States like Texas, California, Florida, Washington and Oregon are prime examples.



Improving Value of Care

If more women had access to FSBC care, the savings would be significant both in direct and indirect costs. If even 10% of the approximately 4 million US births each year occurred in birth centers, the potential savings in facility service fees alone could reach $1 billion per year. In addition, US spending on maternity care could decline by more than $5 billion if only 15% of pregnant women gave birth via cesarean rather than the current rate of 32%. The cesarean rate in the National Birth Center Study II was 6%.[1] Because the cost of a cesarean birth is about twice as much as a vaginal birth, higher utilization of birth center care leads to further healthcare savings.[5]

Strong Start for Mothers and Newborns — Birth Centers Improve Health

The Strong Start for Mothers and Infants Initiative is a project of the Centers for Medicare and Medicaid Innovation (CMMI) to reduce preterm births and improve maternal and child health outcomes. One of the three models of care being studied for lowering preterm birth is the FSBC. AABC is a Strong Start awardee and collects data from over 40 birth center sites on prenatal care and outcomes of care. The extra support and relationships developed with midwives in the birth center model result in lower preterm birth rates in the FSBC, even for women with risk factors for preterm birth. Preliminary data from AABC's Strong Start project shows a preterm birth rate of 3.8% for women who are Medicaid beneficiaries with risk factors for preterm birth. Strong Start for FSBCs data collection and analysis will continue for another 2 ½ years.

Summary

The principles underlying CON statutes are based upon a health planning rather than a competitive model. AABC believes that reasonable arguments can be made for exempting FSBCs, due to their small size and the essentially outpatient nature of birth center services. Most women who give birth at a FSBC spend less than twenty-four hours there. With respect to prenatal and postpartum services, FSBC function more like a physician's or midwife's office than a health care facility. Furthermore, local levels of high demand will typically exist for a proposed FSBC, because women interested in the birth center option will strongly support adding a FSBC in the local community. FSBCs are also likely to attract women from outside the community who would never have traveled from their own community to give birth in the local hospital.

FSBCs in some states have had to go through multiple rounds of CON before approval was finally granted. These expensive proceedings constitute a significant barrier to entry for would-be birth center entrepreneurs, most of whom would be considered small businesses and some which are Federally Qualified Health Centers.

The evidence shows that FSBCs provide high-quality, high-value care with high rates of client satisfaction. Lower cesarean rates and other positive outcomes lead to immediate and longer-term healthcare savings. Removing barriers associated with the CON process would increase access to a high-quality model of maternity care.

[1] Susan Rutledge Stapleton, CNM, DNP, Cara Osborne, SD, CNM, and Jessica Illuzzi, MD, MS, "Outcomes of Care in Birth Centers: Demonstration of a Durable Model," *Journal of Midwifery and Women's Health, vol, 58, no. 1, January 2013.*

[2] Laurie Cawthon, MD, MPH, "Assessing Costs of Birth in Varied Settings," Washington State Department of Social and Health Services, March 7, 2013. Available at: http://www.iom.edu/~/media/Files/Activity%20Files/Women/BirthSettings/6-MAR-2013/Cawthon%20PDF.pdf

[3] Embry Howell, Ashley Palmer, Sarah Benatar, and Bowen Garrett, "Potential Medicaid Cost Savings from Maternity Care Based at a Freestanding Birth Center," Medicare & Medicaid Research Review, vol. 4, no. 3, 2014. Available at: http://cms.gov/mmrr/Downloads/MMRR2014_004_03_a06.pdf

[4] Marian F. MacDorman, Ph.D.; T.J. Mathews, M.S.; and Eugene Declercq, Ph.D, "Trends in Out-of-Hospital Births in the United States, 1990–2012," NCHS Data Brief, No. 144, March 2014. Available at: http://www.cdc.gov/nchs/data/databriefs/db144.pdf

[5] "The Cost of Having a Baby in the United States," Truven Health Analytics, January 2013.
http://transform.childbirthconnection.org/reports/cost/